

Population Age Shift Challenges Work Force Future

Idaho's record low unemployment rates this summer – the lowest in the nation at times – have tightened the state's labor pool dramatically, raising concerns about enough skilled manpower to maintain the economic growth of the past three years. The state has been gaining about 100 new businesses a month on average for well over a year, and the competition for qualified workers is intense. The average wage jumped nearly 14 percent between the first quarter of 2005 and the first quarter of 2007 with the bulk of that growth during 2006.

But the strain Idaho's dramatic economic growth has been putting on its work force is only a prelude to the impact aging workers are going to have on economic expansion in the next two decades.

The baby boomers are beginning to retire now. With more and more of them giving up the daily grind, the state needs a strategy that not only draws younger people into the work force and provides them opportunities to learn the skills and obtain the knowledge needed for 21st Century jobs but also convinces them that it is to their advantage to work and raise their families in Idaho.

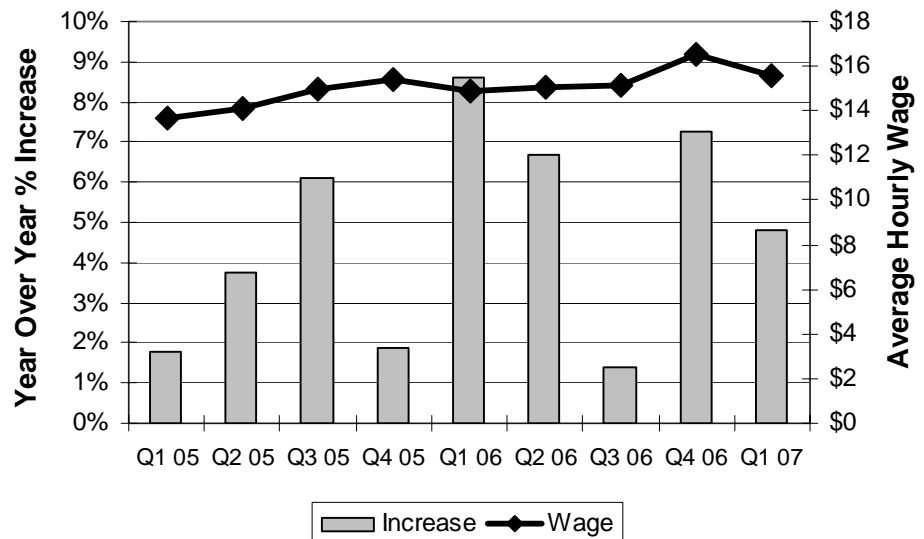
An adequate supply of qualified workers will be crucial if current projections for a 23 percent increase in jobs overall by 2014 is to be met.

Idaho has been one of the fastest growing states in the nation, and that population growth – over 45 percent since 1990 – has been a major cause of the state's robust economic expansion.

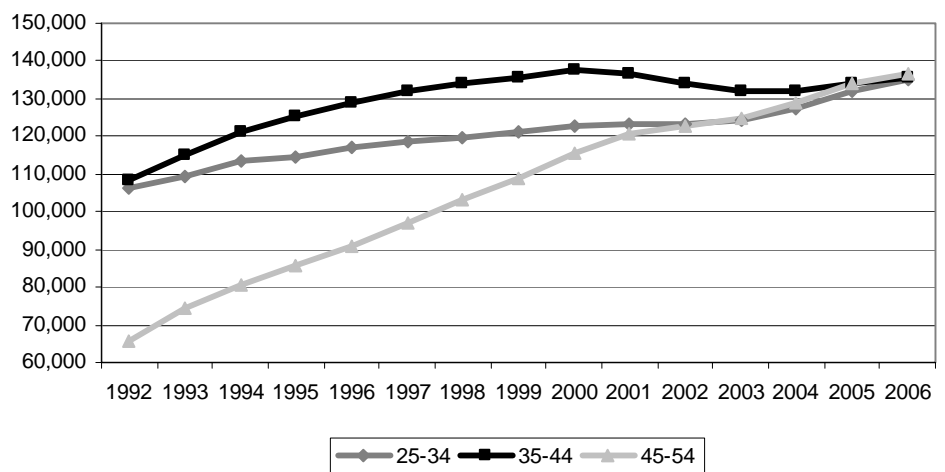
But during that time Idaho's median age rose from 31.5 years to 34.2 as the state's comparatively low cost of living attracts more and more retirees and those about to retire.

In the 2000 census, less than 33 percent of the population was 45 or older. Six years later it was almost 36 percent. There was a 31 percent increase in people 60 to 70 in that time while the overall population grew just 13 percent.

FYI Graph 1: Wage History 2005 to First Quarter 2007



FYI Graph 2: Idaho Workers by Age, 1992 to 2006



The state's graying is more obvious in the work force, based on Local Employment Dynamics statistics com-

piled by the U.S. Census Bureau and the Idaho Department of Labor.

In 1992, nearly three of every four workers in Idaho, 73 percent, were under 45, the core of a labor force that traditionally hones its skills by tapping the knowledge older workers have gained over decades on the job. Those older workers, 45 and over, accounted for 27 percent of the labor force, a cadre that passed on the benefits of its experience to its younger counterparts. The proportions seemed to be right as veteran workers handed off the skills and expertise that fueled economic growth to a larger group with the manpower to expand the economy even further.

But just 14 years later in 2006, less than 63 percent of Idaho workers were under 45 and over 37 percent were older.

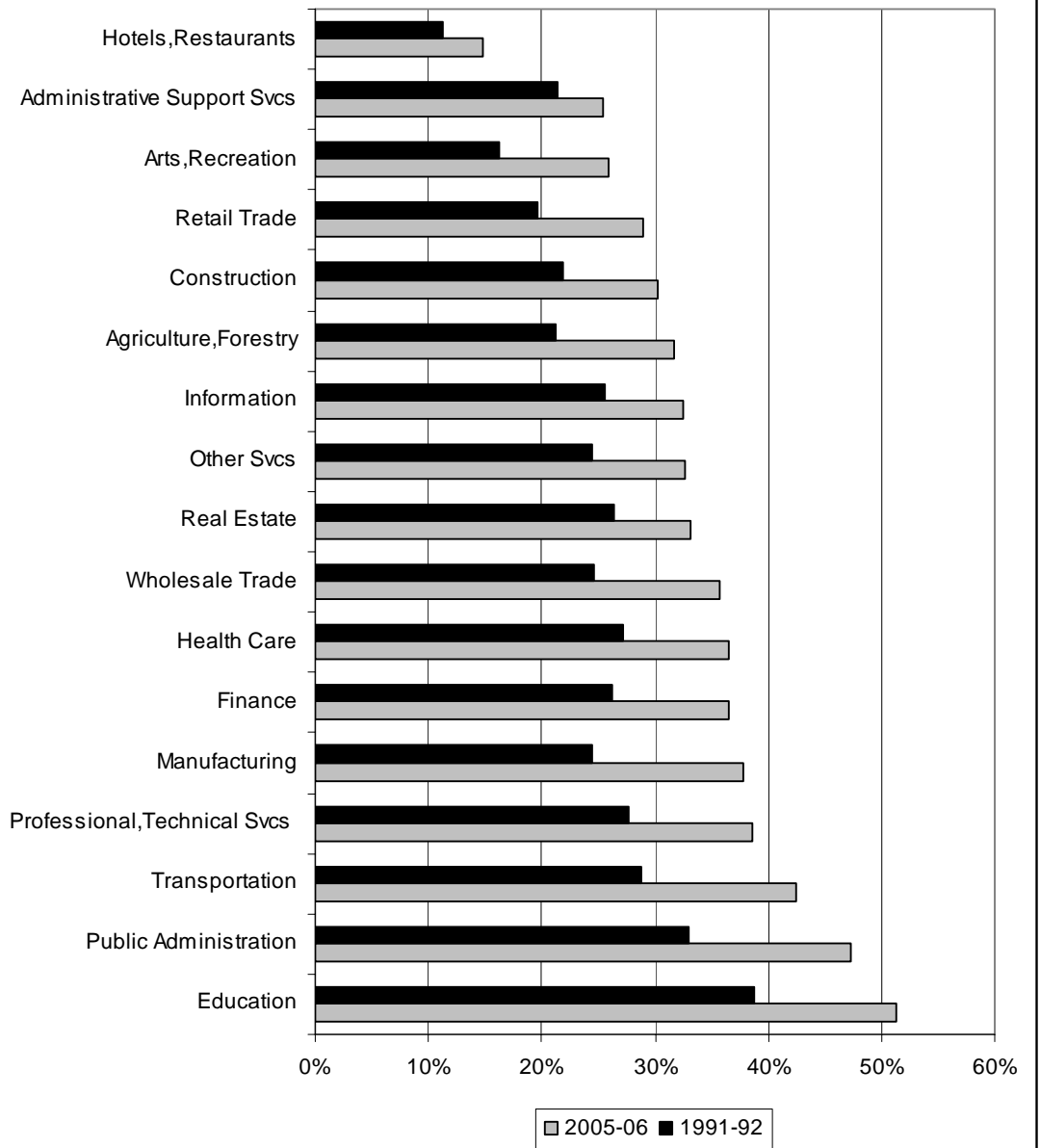
As the work force follows the population overall, the gap between younger and older workers will close even more in the years to come.

The U.S. Census Bureau projects that Idaho's senior population, those over 64, will grow at about the same rate as the state population overall through 2010. But over the two decades that follow, the Census Bureau projects the senior population will double to over 360,000 while the overall population will grow 30 percent to just under 2 million.

Aging has been evidenced in the work force since the early 1990s.

Then as today, people between 25 and 64 accounted for 79 percent of Idaho's work force. But in 1992, some 214,000 workers were 25 to 44, nearly 55 percent of the total. Another 66,000 were 45 to 54, and 32,000

FYI Graph 3: Percent of Work Force Age 45 to 64 by Sector 1991-92 and 2005-06



were 55 to 64. Combined, that older group accounted for less than 25 percent of all workers.

During the intervening 14 years, the 25-to-44 age group grew slowly before slipping slightly during the recession years and then regaining modest growth to total 270,000 in 2006. The workers were about evenly split between those 25 to 34 and those 34 to 45. But they accounted for only 44 percent of the labor force.

Workers age 45 to 54, once barely half as large as either younger group, grew steadily even during the recession years as the baby boomers aged. By 2006, there were 137,000 of them while the number of workers between 55 and 64 more than doubled to 75,000. Com-

bined, those age 45 to the traditional retirement age of 65 made up almost 35 percent of the labor force.

Every sector of the economy is seeing more of its jobs in the hands of workers 45 and older as every region of the state watches the older segment of the population grow faster than the younger ones.

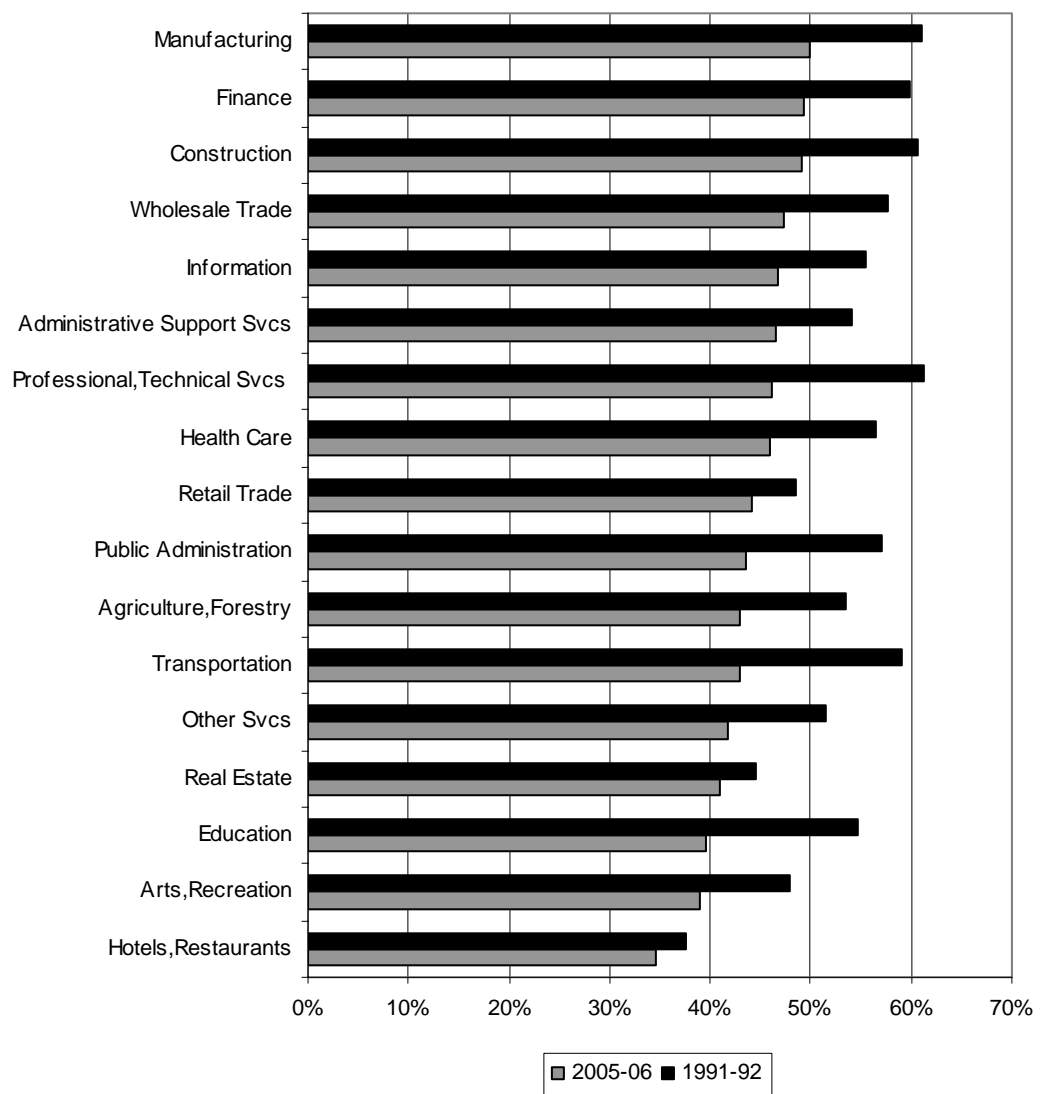
In 1992, workers aged 25 to 44 held a majority of the jobs in every sector but four – hotels and restaurants, real estate, retail trade and arts and recreation. By 2006, workers in that age range had less than half the jobs in every sector. In most, the shift over the 14 years was 10 to 15 percentage points.

The impact of aging in the years to come will be limited in the comparatively lower-wage sectors of administrative support services including call centers, retail trade and hotels and restaurants. As they did in the early 1990s they each have a large number of workers under 25 – over 20 percent in administrative support services and retail trade and 50 percent in hotels and restaurants.

Between 2005 and 2015, the over-65 population will increase between 18 percent and 22 percent across Idaho except in the south central part of the state, where the increase is projected at 14 percent. At the same time, all six regions are expecting a decline in the under-20 population of between 6 percent and 11 percent with only modest changes up or down in the population in between.

That raises questions about the work force for an expanding economy that through 2014 is projected to add over 150,000 new jobs, a 23 percent increase, and require an even larger number of existing jobs to be filled by new workers as the incumbents retire or leave the labor force for other reasons.

FYI Graph 4: Percent of Work Force Age 25 to 44 by Sector, 1991 to 1992 and 2005 to 2006



While half those new jobs will require only limited on-the-job training, the rest will demand at least some post-secondary education, skills training or extended on-the-job training.

Three of every 10 of those new jobs fall into the 100 fastest growing occupations, and half of them are in skilled trades, technical services, engineering, research, management, health care and education – all requiring postsecondary training of some kind.

More information on job projections is on the Idaho Department of Labor Web site at <http://lmi.idaho.gov/?PAGEID=67&SUBID=203>.

Bob Fick, Communications Manager
317 W. Main St., Boise, ID 83735
(208) 332-3570, ext. 3628
E-mail: bob.fick@labor.idaho.gov